WCRB2000

BRITISH COLUMBIA

Workers' Compensation Board

Superannuation Plan

102-03750/

MESSAGE FROM THE TRUSTEES

We are pleased to provide you with the Workers' Compensation Board (WCB) Superannuation Plan Annual Report Summary for the fiscal year ending March 31, 2000. On behalf of the plan's trustees, we would like to welcome all new members to the plan. At present, there are approximately 3,400 active and retired members. This year over 80 new pensions were granted, close to double the number granted in 1999. This increase occurred as a result of the early retirement incentive program.

The WCB Superannuation Plan is financially sound. Plan assets have reached $608.5 million, an increase of $93.9 million (18%) over 1999. This is primarily the result of stronger investment earnings, with the annual rate of return for the Basic Account increasing from 3% in 1999 to 18% in 2000. The actuarial valuation for March 31, 1997 showed a net actuarial surplus of $52 million, and the actuarial valuation for March 31, 2000 is in progress.

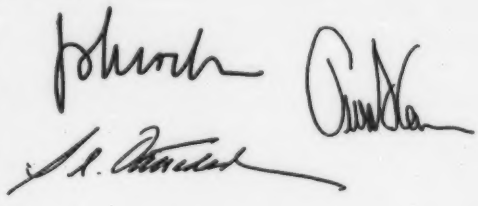
This year a number of amendments to the plan resulted from provincial and federal legislation. These amendments were effective on October 1, 1999, and include benefit improvements as well as provision changes required by legislation. For more details see the "Plan Benefits" section.

During the year there have also been some changes to two organizations that serve the plan. On January 1, 2000, the British Columbia Investment Management Corporation (bcIMC) was created to replace the Office of the Chief Investment Officer of the Ministry of Finance and Corporate Affairs. The bcIMC will continue to provide day-to-day investment management services for the pension fund. Effective April 1, 2000, the British Columbia Pension Corporation replaced the Superannuation Commission. The Pension Corporation will continue to provide benefit administration services for the plan.

The year under review has been a stable one for the pension plan. We are proud of our record of careful management, and we are confident the plan will continue to maintain the same high standards of performance and service to members.

TRUSTEES AS OF MARCH 31, 2000

Chair, John A. Mochrie
Plan Member Representative, Owen Carr
Workers' Compensation Board Representative, Sid Fattedad



Investments

The British Columbia Investment Management Corporation (previously known as the Office of the Chief Investment Officer of the Ministry of Finance and Corporate Relations) manages the WCB Superannuation Plan's investments, based on asset mix policies approved by the trustees.

The WCB Superannuation Plan holds a diversified portfolio of debt and equity investments. Diversification of assets and investment styles is an important component of investment strategy for the fund, because it decreases investment risk.

The following approved investment asset mix policy was in effect during 1999/2000:

Approved Investment Asset Mix

	Market Value	
Asset Class	Lower Limit	Upper Limit
Debt	**30%**	**50%**
Short-term	0%	30%
Bonds	20%	50%
Mortgages	0%	10%
Equity	**55%**	**70%**
Canadian Stocks	25%	50%
U.S. Stocks	0%	14%
International Stocks	0%	14%
Real Estate	0%	10%
Private Placements	0%	2%

Plan Funding/Actuarial Valuation

Employees and employers both contribute to the plan. Every three years, an independent actuary assesses the adequacy of the contribution rates for funding the pension plan. The latest valuation examined the plan as of March 31, 1997, and disclosed an actuarial surplus of $52.8 million.

The next valuation will be as at March 31, 2000, and results will be available in late 2000.

Members

There are approximately 3,400 active and retired members participating in the plan. The number of retired members continues to grow with the ageing membership, and as a result of the early retirement program that began November 1, 1998, and continued until January 1, 2000.

Plan Benefits

The WCB Superannuation Plan is a contributory defined benefit pension plan. This means the member's basic pension is guaranteed regardless of the financial health of the plan. Members who have two or more years of pensionable service are entitled to a pension. Benefits are based on the employee's length of service, age at retirement and highest five years of salary.

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The benefit amendments include a provision for indexing deferred pension benefits for the full deferral period in cases where a plan member is disabled and in receipt of long-term disability benefits, or where a plan member terminates from the WCB. The plan now provides indexing for partial years, whereas previously, the plan provided indexing only for complete calendar years of deferral. Additionally, the plan's normal form of pension has been changed from a single-life annuity with no guarantee to a single-life annuity guaranteed for 10 years, which is the maximum allowed by the *Income Tax Act* (Canada).

The amendments also include changes to the reciprocity between our plan and other plans in the BC family of plans (College, Public Service, Municipal and Teachers') in order to bring them into compliance with the *Income Tax Act* (Canada). Reciprocity continues, but under a new Interplan Pension Transfer Agreement.

2000 ANNUAL REPORT SUMMARY

The Pension Corporation will be contacting members affected by the new transfer agreement with a full explanation of their options. However, contact will be limited for the foreseeable future to plan members who are either retiring or terminating their membership.

Plan Assets

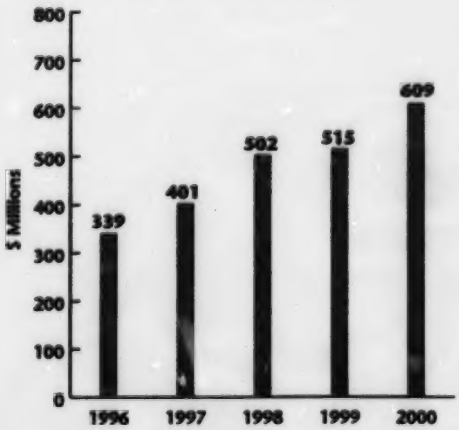
Financial Statement Highlights (Unaudited)

$ Millions

	March 31 2000	1999
Net Assets Available for Benefits, Beginning of Year	$514.6	$501.5
Investment Income	93.4	14.8
Contributions	11.6	8.9
Pension and Termination Benefits	(10.8)	(10.3)
Administration Costs	(0.3)	(0.3)
Net Assets Available for Benefits, End of Year	$608.5	$514.6

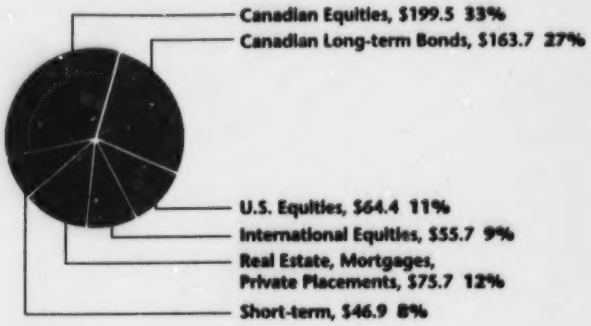
Net Assets Available for Benefits

as at March 31, 1996—2000



2000 Investment Holdings (Market Value)

$ Millions


Canadian Equities, $199.5 33%
Canadian Long-term Bonds, $163.7 27%
U.S. Equities, $64.4 11%
International Equities, $55.7 9%
Real Estate, Mortgages, Private Placements, $75.7 12%
Short-term, $46.9 8%

Investments as at March 31, 2000

$ Millions

	2000	1999
Market Value	$606.0	$513.6
Basic Account Rates of Return		
Five-year Average	13.7%	12.0%
Annual	18.0%	3.0%
2000 ANNUAL RATE OF RETURN PERFORMANCE BENCHMARK	19.1%	3.9%

Net Earned Rate of the Fund

Year	%
1996	10.8
1997*	11.3
1998	13.5
1999	12.0
2000	13.7

*EFFECTIVE 1997, THE NET EARNED RATE IS BASED ON A FIVE-YEAR AVERAGE.

This publication is produced
by the Pension Corporation
on behalf of the Workers' Compensation Board
Superannuation Plan

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Workers' Compensation Board Superannuation Plan

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TABLE OF CONTENTS

Message from the Trustees 5

Plan Benefits 6

Financial and Operational Highlights 7

Roles and Responsibilities 9
- Workers' Compensation Board Superannuation Plan Trustees 9
- British Columbia Pension Corporation 9
- British Columbia Investment Management Corporation 9

Investments 10
- Message from the Chief Investment Officer 10
- Approved Investment Asset Mix 12
- Investment Portfolio 12
- Investment Performance 15

Plan Funding/Actuarial Valuation 17

Member Services 18

Financial Statements 25

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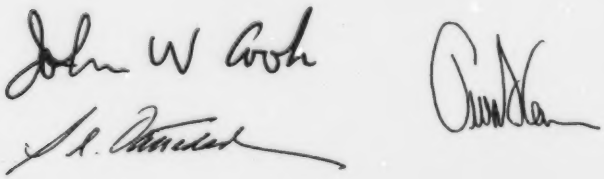

TRUSTEES AS OF MARCH 31, 2000
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Plan Member Representative, **Owen Carr**
Workers' Compensation Board Representative, **Sid Fattedad**

PLAN BENEFITS

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The Pension Corporation will be contacting members affected by the new transfer agreement with a full explanation of their options. However, contact will be limited for the foreseeable future to plan members who are either retiring or terminating their membership.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Investments as at March 31, 2000

$ Millions

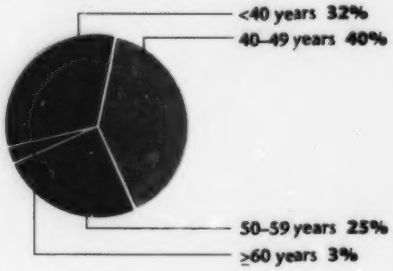
	2000	1999
Market Value	$606.0	$513.6
Basic Account Rates of Return		
Five-year Average	13.7%	12.0%
Annual	18.0%	3.0%
2000 ANNUAL RATE OF RETURN PERFORMANCE BENCHMARK	19.1%	3.9%

Latest Actuarial Valuation–March 31, 1997

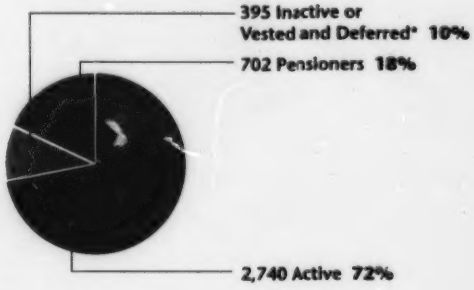
$ Millions

	Basic Pension Benefits 1997	1994
Actuarial Net Assets	$305.1	$209.8
Actuarial Liabilities	252.3	200.6
Net Actuarial Surplus	$ 52.8	$ 9.2

2000 Age Profile of Active Contributors

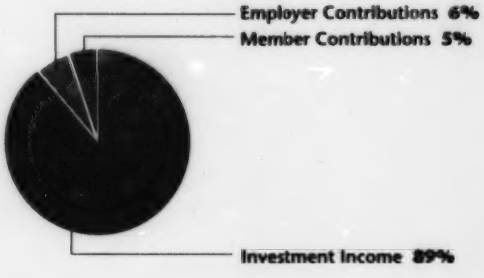


2000 Membership Profile



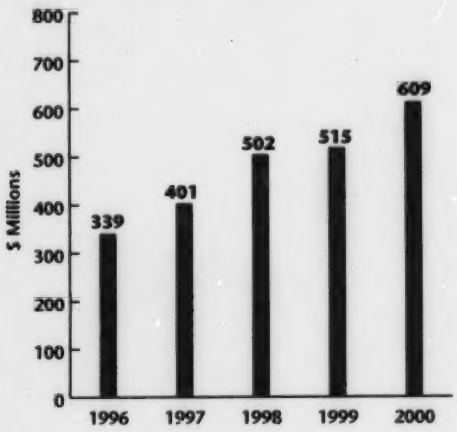
*MEMBERS NO LONGER EMPLOYED, BUT WITH MONEY IN THE PLAN.

2000 Revenue



Net Assets Available for Benefits

as at March 31, 1996–2000



Five-year Summary Statement of Changes in Net Assets Available for Benefits (unaudited)

$ Thousands

For the year ended March 31	2000	1999	1998	1997	1996
Increase in Assets					
Net Investment Income	$ 93,400	$ 14,814	$ 91,610	$ 52,866	$ 32,650
Contributions					
Members	5,157	4,760	8,068	7,717	7,550
Employers	6,432	4,183	10,194	9,871	9,826
Transfers from Other Plans	27	–	–	23	65
Total Increase in Assets	105,016	23,757	109,872	70,477	50,091
Decrease in Assets					
Pension Benefits	10,043	8,503	7,725	7,268	6,777
Termination Benefits	738	1,854	1,196	1,300	685
Transfers to Other Plans	55	–	131	–	–
Administration Costs	297	302	582	89	–
Total Decrease in Assets	11,133	10,659	9,634	8,657	7,462
Increase in Net Assets	93,883	13,098	100,238	61,820	42,629
Net Assets Available for Benefits at Beginning of Year	514,586	501,488	401,250	339,430	296,801
Net Assets Available for Benefits at End of Year	$608,469	$514,586	$501,488	$401,250	$339,430

ROLES AND RESPONSIBILITIES

Workers' Compensation Board Superannuation Plan Trustees

The plan trustees include the Superannuation Commissioner (effective April 1, 2000, the British Columbia Pension Corporation), a representative of the plan members, and a representative of the Workers' Compensation Board (WCB).

British Columbia Pension Corporation

The British Columbia Pension Corporation (Pension Corporation) replaces the Superannuation Commission effective April 1, 2000, and continues to provide pension benefit administration services to the plan.

British Columbia Investment Management Corporation

Effective January 1, 2000, the British Columbia Investment Management Corporation (bcIMC) replaced the Office of the Chief Investment Officer of the Ministry of Finance and Corporation Relations. The bcIMC provides investment management services to the plan, and manages the plan's investment portfolio within investment asset mix policies approved by the trustees.

INVESTMENTS

Message from the Chief Investment Officer

Markets

The year was another strong one for the Workers' Compensation Board Superannuation Plan. The basic account earned an 18% return and the inflation account earned a 19.4% return.

Within the domestic asset classes, 1999/00 was a mirror image of the previous year. Specifically, in fiscal 1998/99, government bonds had a strong year (7.1%) but the return from stocks was disappointing (the TSE 300 Index declined 11.3%). This year, higher interest rates led to low returns from bonds (Scotia Capital Government Bond Index of 1.2%) but Canadian stocks were a stellar performer (45.5% for the TSE 300). Such market conditions clearly show the benefits of maintaining a well-diversified portfolio.

There were three main themes for equity markets during the past year. The first was the dominance of telecommunications and technology companies. Investors are expecting strong earnings growth from these companies and, as a result, their share prices have been pushed much higher.

The second theme was the narrowness of market leadership. Most of the increase in 1999/2000 came from a few companies, most notably BCE (Bell Canada Enterprises) and Nortel Networks. The positive side of the narrow leadership is that there is still scope for further appreciation. The negative side is that the growth of these companies has led to high valuations and a more concentrated equity market. The narrowness of the market also created a difficult environment for active equity managers, as our external managers under-performed the TSE 300 Index by 17.2%.

The final theme of capital markets has been a high degree of volatility. Investors have been quite nervous about rising interest rates and high equity valuations. Therefore, they have reacted quickly, and severely, both to positive and negative news.

Looking forward, we expect the high level of market volatility to continue, until there is more definitive evidence that U.S. economic growth has slowed to a more sustainable level.

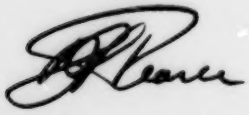
Organizational Change

The *Public Sector Pension Plans Act* has fundamentally altered the structure of the investment agency. Specifically, a new Crown corporation, the British Columbia Investment Management Corporation (bcIMC), has replaced the Office of the Chief Investment Officer.

The bcIMC was established in November 1999 and assumed responsibility for managing the trust assets on January 1, 2000. The purpose of this change in structure was twofold. First, it reduces the potential for perceived conflicts between being government employees and our fiduciary duty to the trust clients. Second, it improves the governance and accountability framework by giving our clients a more meaningful say in the management of the investment agency.

Under the new structure, bcIMC has a seven person Board of Directors made up from its clients. The Board of Directors is responsible for overseeing the administration of the corporation (e.g., approval of budgets, business plan, financial statements, etc.). The board, however, is legislatively prohibited from getting involved in investment decisions. These will continue to be made by investment professionals, in accordance with the guidelines and the policies established by the fund's trustees.

The new structure represents an important step forward for the agency and is welcomed by both myself and the staff. I am confident that the changes will lead to a stronger and more dynamic organization, which is better positioned to meet the challenges of global fund management on behalf of your fund.



Doug Pearce
Chief Investment Officer
British Columbia Investment Management Corporation

Approved Investment Asset Mix

	Market Value	
Asset Class	**Lower Limit**	**Upper Limit**
Debt	**30%**	**50%**
Short-term	0%	30%
Bonds	20%	50%
Mortgages	0%	10%
Equity	**55%**	**70%**
Canadian Stocks	25%	50%
U.S. Stocks	0%	14%
International Stocks	0%	14%
Real Estate	0%	10%
Private Placements	0%	2%

Approved Investment Asset Mix

The WCB Superannuation Plan holds a diversified portfolio of debt and equity investments. Diversification of assets and investment styles is an important component of investment strategy for the fund because it decreases investment risk.

The trustees approved the asset mix range in the accompanying table. Targets for strategic and short-term allocation of assets must fall within the approved asset mix. For purposes of the asset mix, short-term includes Canadian government bonds with one- to five-year terms and money market securities.

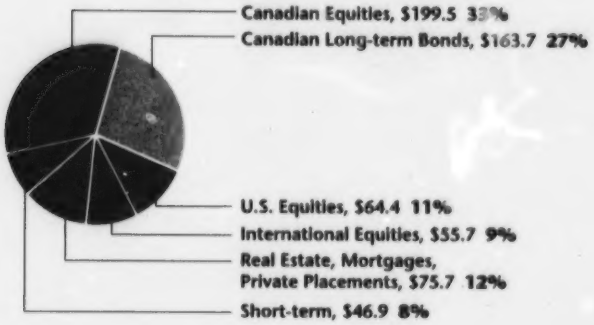
Investment Portfolio

Investments Held as at March 31, 2000

	Market Value	Asset Mix % Market Value
Canadian Government Real Return Bonds	**$ 7,668,846**	**1%**
Province of BC Pooled Investment Portfolio Units		
Money Market	28,497,597	5%
Canadian Bonds		
Long-term	156,131,835	26%
Short-term (1 to 5 years)	18,418,415	3%
Canadian Equities		
Indexed	143,399,846	24%
Actively Managed	56,114,887	9%
U.S. Equities		
Indexed	40,216,390	7%
Actively Managed	24,166,450	4%
International Equities		
Asia	7,518,648	1%
Europe	17,594,277	3%
Europe, Australia and the Far East	30,538,635	5%
Real Estate	46,583,638	8%
Mortgages	20,253,566	3%
Private Placements	8,884,572	1%
Total Pooled Portfolios	**$598,318,756**	**99%**
Total Investments	**$605,987,602**	**100%**
1999 Comparison	**$513,559,551**	

2000 Investment Holdings (Market Value)

$ Millions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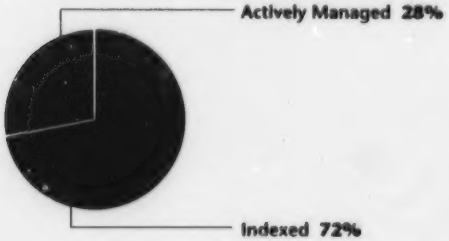
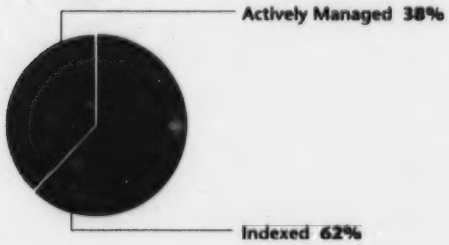
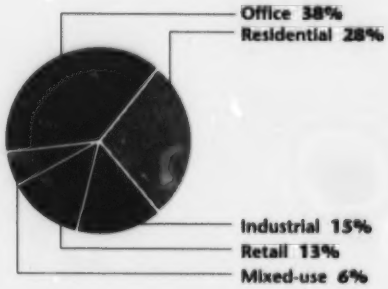
Canadian Equities (Market Value)



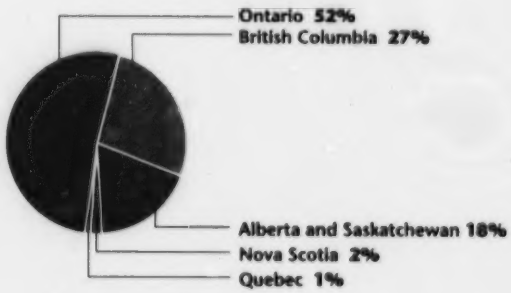
U.S. Equities (Market Value)



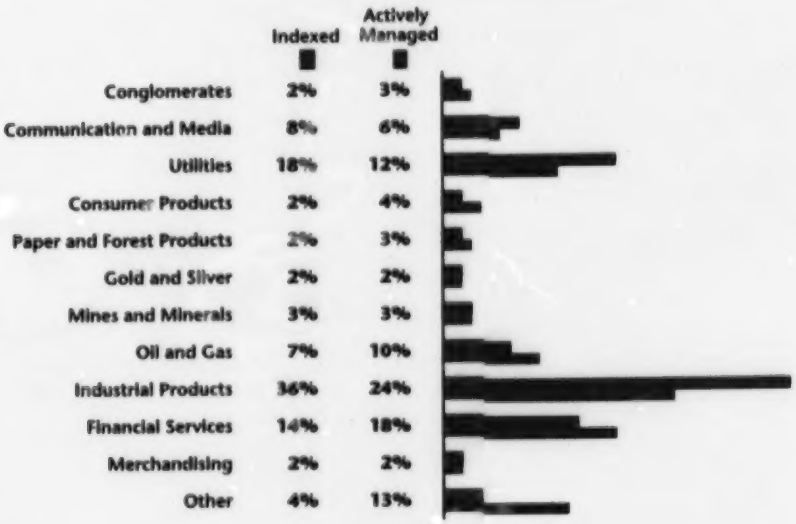
Real Estate, by Type



Real Estate, by Location



Canadian Equities, by Sector



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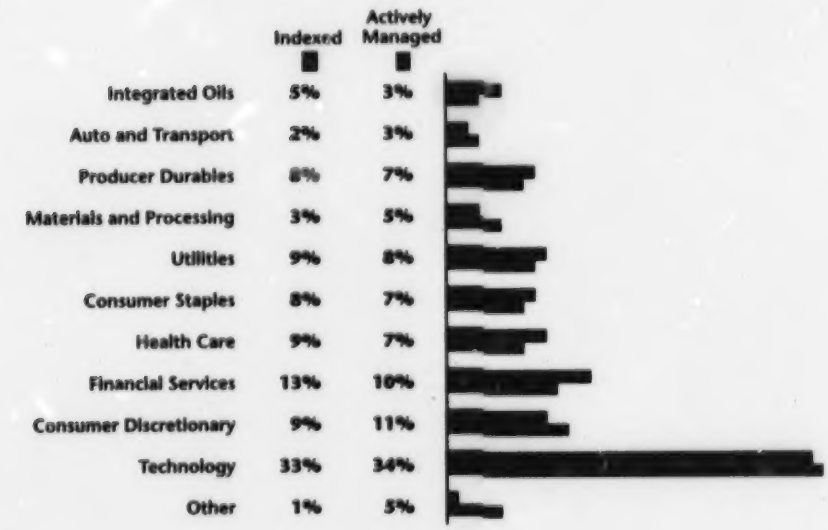
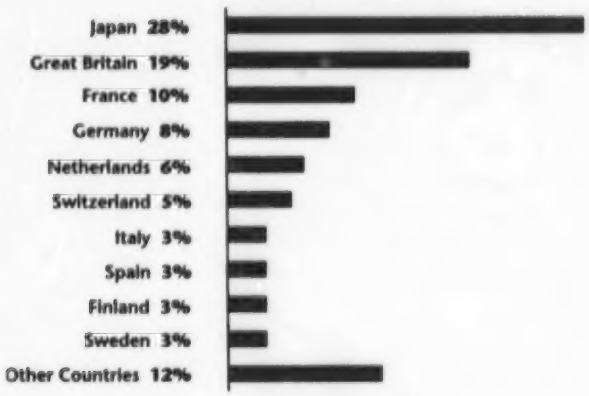


International Equities



Investment Performance

Net Earned Rate of the Fund

Year	%
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*EFFECTIVE 1997, THE NET EARNED RATE IS BASED ON A FIVE-YEAR AVERAGE.

Market Value Rates of Return for the Year Ended March 31, 2000

	Basic Account	Inflation Adjustment Account	2000 Performance Benchmarks	
Five-year Average Rates				
2000	13.7%			
1999 Comparison	12.0%			
Annual Rates				
2000	18.0%	19.4%	19.3%	
1999 Comparison	3.0%	3.1%	3.9%	
1998 Annual Rates by Investment Category				
Short-term				
Money Market	5.0%	5.0%	4.7%	SCI 91-Day T-Bills
Bonds	3.6%	3.6%	3.1%	Short-term Government Bonds
Bonds				
Canadian Government	1.3%	1.3%	1.2%	Government
Canadian Real Return	–	10.3%	–	SCI Universe
Canadian Equities				
Actively Managed	28.3%	28.3%	45.5%	TSE 300
Indexed				
TSE 300	44.7%	44.7%	45.5%	TSE 300
TSE 100	48.5%	48.5%	48.7%	TSE 300
U.S. Equities				
Actively Managed	20.6%	20.6%	16.3%	R 1000
Indexed	13.2%	13.2%	13.5%	S&P 500
International Equities				
Asia	75.5%	75.5%	35.4%	MSCI Europe
Europe	16.9%	16.9%	13.7%	MSCI Pacific Basin
Europe, Australia and the Far East	25.6%	25.6%	20.0%	MSCI EAFE
Real Estate	9.0%	–	10.7%	Canadian Property
Mortgages				
Fixed-term	5.8%	5.8%	4.1%	SCI ST Bonds + 1%
Construction	7.3%	7.3%	5.1%	SCI 1 Yr Bills + 1%

Performance Benchmark Indices Abbreviations

SCI = Scotia Capital Inc.
DSB = Dominion Securities Barra
MSCI = Morgan Stanley Capital International
S&P = Standard and Poor's
R = Russell
TSE = Toronto Stock Exchange

(SOURCE OF ANNUAL RATES: BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION; FIVE-YEAR RATES CALCULATED BY THE PENSION CORPORATION)

PLAN FUNDING/ ACTUARIAL VALUATION

Employees and employers both contribute to the plan. At least every three years, an independent actuary assesses the adequacy of the contribution rates for funding the pension plan. The latest valuation examined the plan as of March 31, 1997, and disclosed an actuarial surplus of $52.8 million. The next valuation will be as at March 31, 2000, and results will be available in late 2000.

Latest Actuarial Valuation – March 31, 1997
Basic Pension Benefits

$ Millions

	1997	1994
Actuarial Net Assets	$305.1	$209.8
Actuarial Liabilities	252.3	200.6
Net Actuarial Surplus	$ 52.8	$ 9.2

MEMBER SERVICES

Contributors and Contributions

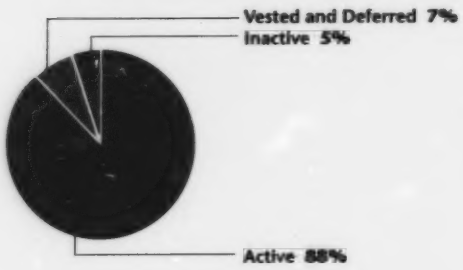
Today there are over 2,700 active members and approximately 700 retired members in the WCB Superannuation Plan.

There are three categories of contributors.

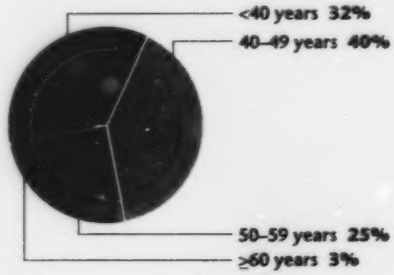
- Active—those who are currently contributing to, or are receiving benefits from an approved salary continuance plan or are on leave of absence.
- Inactive—those who are no longer employed but who have contribution balances on record and are not eligible for a pension in the future.
- Vested and deferred—those who are no longer employed and are eligible for a future pension. From 1998 on, the number of vested and deferred members includes inactive members who are active in another BC Family of Plans* pension plan and are likely to have a vested entitlement on the basis of a combined plan.

*Effective October 1, 1999, the BC Family of Plans was replaced by the provisions of a new Interplan Pension Transfer Agreement.

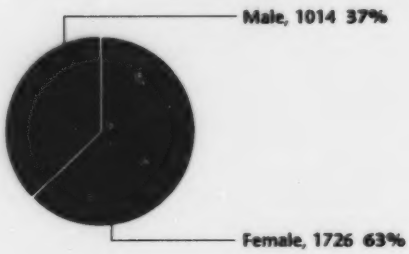
2000 Contributor Profile



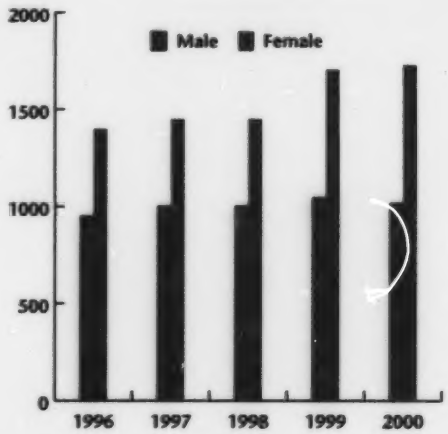
1999 Age Profile of Active Contributors



2000 Active Contributor Profile



Active Contributors



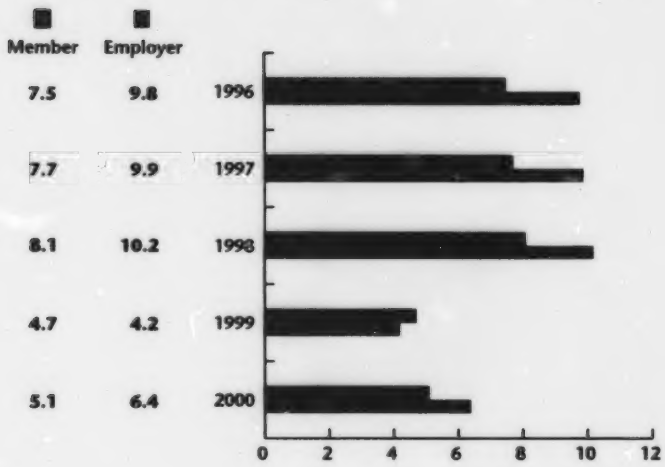
Number of Contributors

	Active	Inactive	Vested and Deferred	Total
1996	2,489	150	76	2,715
1997	2,589	147	76	2,812
1998	2,592	132	139	2,863
1999	2,745	119	162	3,026
2000	2,740	160	235	3,135

NOTE: HISTORICAL STATISTICS HAVE BEEN RESTATED TO INCLUDE LEAVE OF ABSENCE AS ACTIVE.

Contributions

$ Millions



Termination Benefits

A terminating member may be eligible for one or more of the following benefits:

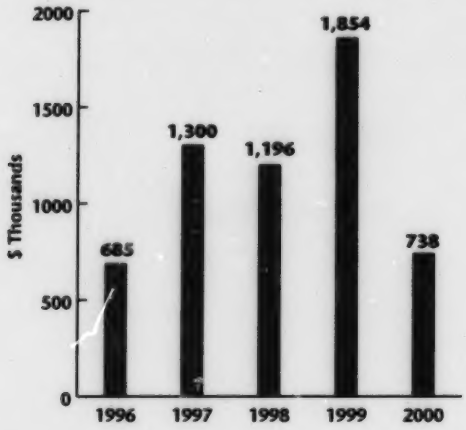
- a refund of contributions with interest
- a transfer of the commuted value of the pension benefit to a locked-in registered retirement savings plan or a registered pension plan, or
- a deferred pension.

After January 1, 1998, a terminating member with two or more years of service can claim vested, locked-in benefits in the form of a transfer of the commuted value or a deferred pension.

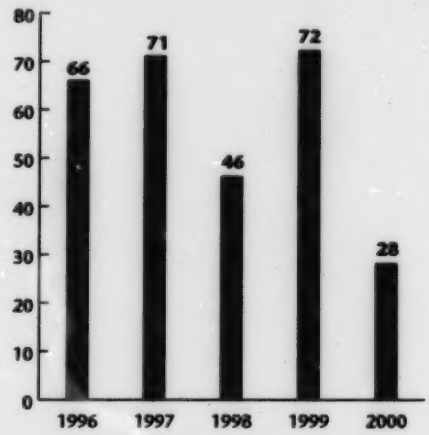
The number of termination benefits paid can vary from year to year. In 2000, the total value of termination benefits decreased as a result of a decrease in the number of benefits paid.

If a non-vested member leaves the plan and takes a refund of contributions, the refund includes interest. Interest is credited to the member's contribution balance and compounds semi-annually. The balance, including interest, is included in the plan member's annual benefit statement.

Value of Termination Benefits Paid



Number of Termination Benefits Paid



TERMINATION BENEFITS INCLUDE EITHER REFUNDS OF CONTRIBUTIONS OR COMMUTED VALUE TRANSFERS; DEFERRED PENSIONS ARE INCLUDED IN PENSION STATISTICS.

Annual Rates for Interest Credited to Contribution Balances

1995/96	5.50%
1996/97	5.00%
1997/98	6.25%
1998/99	11.25%
1999/00	13.5%

Pensions

The number of retired members continues to grow with the ageing of the membership, and as a result of the early retirement program that began November 1, 1998 and continued until January 1, 2000. The number of retired members on the payroll increased 11% from 1999 to 2000.

Pensions are paid at the end of each month, beginning with whichever of the following comes latest:

- the month following the month in which the plan member becomes eligible
- the month following the month in which the plan member receives the final salary payment, or
- the month in which the Pension Corporation receives the member's application.

The plan pays a full month's pension for the month in which a pensioner dies.

Pensions 1996–2000

	Granted During Year	Pension Terminations	In Force at End of Year	Basic Pensions Paid $ Millions	Inflation Supplements Paid $ Millions	Total $ Millions
1996	29	5	553	5.4	1.4	6.8
1997	27	8	572	5.8	1.5	7.3
1998	41	17	596	6.1	1.6	7.7
1999	47	17	626	6.9	1.6	8.5
2000	89	12	703	8.3	1.6	10.0

Pensions Granted, by Type 1996–2000

	Normal*	Death*	Disability+	Deferred	Total
1996	19	1	3	6	29
1997	21	1	3	2	27
1998	36	2	2	1	41
1999	38	1	5	3	47
2000	76	4	5	4	89

*PENSIONS GRANTED DO NOT INCLUDE ANY PENSION CONTINUED TO A BENEFICIARY UPON THE DEATH OF A PENSIONER.
+INCLUDES MEMBERS ON LONG-TERM DISABILITY WHO BECAME ELIGIBLE FOR A REGULAR PENSION.

The value of a pension depends on a number of factors, including the member's age, salary and length of service at the time of retirement.

The table below shows the average asset value ("present value") of pensions granted during 1999-2000. The asset value represents the approximate cost of purchasing an average pension provided under the WCB Superannuation Plan.

Value of Normal Pensions Granted April 1, 1999 to March 31, 2000

Subdivided by Years of Service

Years of Service*	Number of Pensions Granted	Average Annual Salary Base	Average Annual Pension (Single Life Option)	Average Present Value of Pensions	Total Present Value of Pensions $ Millions
<10 yrs	11	$52,000	$ 3,900	$ 45,000	$ 0.5
10 – 14	8	64,000	13,000	136,000	1.1
15 – 19	12	72,000	21,000	207,000	2.5
20 – 24	15	44,000	14,000	164,000	2.5
25 – 29	8	62,000	27,000	302,000	2.4
30 – 34	18	61,000	31,000	416,000	7.5
35+	4	64,000	32,000	518,000	2.1
Total	76	n/a	n/a	n/a	$18.6
All Pension Average	n/a	$59,000	$18,000	$243,000	n/a

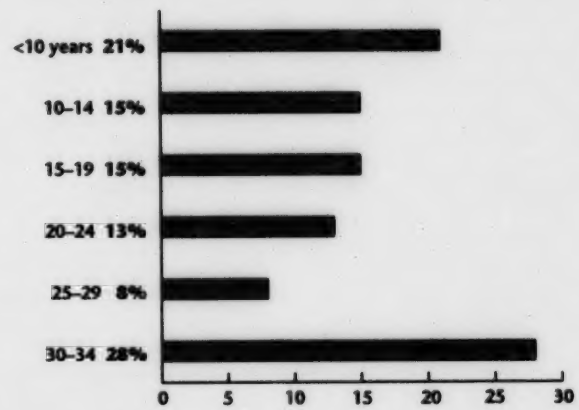
*YEARS OF SERVICE INCLUDES SERVICES TRANSFERRED FROM OTHER PLANS.

2000 Normal Pensions, Age at Retirement

Subdivided by Years of Service and Age at Retirement

Years of Service	55	56–59	60–64	65+	Total
<10 yrs	2	1	7	1	11
10 – 14	–	1	6	1	8
15 – 19	–	1	7	4	12
20 – 24	–	8	5	2	15
25 – 29	2	3	2	1	8
30 – 34	12	2	2	2	18
35+	4	–	–	–	4
Total	20	16	29	11	76

Percentage of 2000 Normal Pensions by Years of Service



Other

Portability Provisions

Portability allows a member of a pension plan to transfer pension rights and contributions to another plan. For instance, members of the WCB Superannuation Plan may transfer their years of pensionable service and plan contributions to a new plan at a different place of employment if the WCB has a portability agreement with the new plan. Employers who allow transfers of pension rights to other employers or pension plans are referred to as "reciprocal employers." Members of the WCB Superannuation Plan who have made contributions to another pension plan should inquire about portability agreements.

In 2000, the plan received one reciprocal transfer in for approximately $27,000 and paid five transfers out for approximately $55,000.

Amendments to plan benefits this year included changes to the reciprocity between our plan and other plans in the BC Family of Plans (College, Public Service, Municipal and Teachers') in order to bring them into compliance with the *Income Tax Act* (Canada). Reciprocity continues, but under a new Interplan Pension Transfer Agreement.

The Pension Corporation will be contacting members affected by the new transfer agreement with a full explanation of their options. However, contact will be limited for the foreseeable future to plan members who are either retiring or terminating their membership.

Purchase of Additional Service

It may be possible for plan members to purchase additional service. This may include:

- approved leaves of absence
- arrears contributions
- non-contributory services, or
- reinstatement of refunded contributions.

Member and Employer Purchases of Additional Service

	Number of Purchases		Value of Purchases $ Thousands	
	2000	1999	2000	1999
Approved Leaves of Absence	–	13	$ –	$ 53
Arrears Contributions	4	35	3	76
Non-contributory Service	–	1	–	30
Reinstatement of Refunded Contributions	4	40	15	572
Total	8	89	$18	$731

Report of the Auditor General of British Columbia

To the Chief Executive Officer
British Columbia Pension Corporation:

I have audited the statement of net assets available for benefits of the *Workers' Compensation Board Superannuation Plan* as at March 31, 2000 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the British Columbia Pension Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *Workers' Compensation Board Superannuation Plan* as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
July 7, 2000

PENSION
CORPORATION

Executive
Offices

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Stn Prov Govt
Victoria BC
V8W 9V8

Location:
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Victoria BC
V8T 5J9

Phone:
250-387-8201
1-800-663-8823
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250-387-4199

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN

ADMINISTRATOR'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Workers' Compensation Board Superannuation Plan were prepared by the British Columbia Pension Corporation (previously known as the Superannuation Commission), the benefit administrator for the plan. The corporation is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting policies consistent with generally accepted accounting principles in Canada.

In discharging its responsibility for the integrity and fairness of the financial statements, the corporation maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The firm of Eckler Partners Ltd. has been appointed the independent consulting actuary to the plan. The role of the actuary is to complete an actuarial valuation of the plan in accordance with accepted actuarial practice; the results of the valuation are included in the financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements of the plan in accordance with generally accepted auditing standards. The resulting audit opinion is set out in the Report of the Auditor General attached to these financial statements.

JOHN A. MOCHRIE
Chief Executive Officer
British Columbia Pension Corporation

P. LOUISE YOUNG, C.A.,
Vice-President, Information Management,
Finance and Administration
British Columbia Pension Corporation

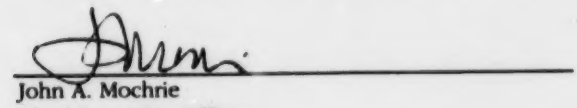
July 7, 2000

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

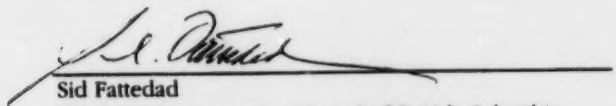
March 31	2000	1999
ASSETS		
Investments (Note 3)	$ 605,988	$ 513,559
Receivables		
Due from sale of investments	6,900	-
Members' contributions	408	774
Employer's contributions	1,329	510
Accrued investment income	105	101
Other	27	-
	8,769	1,385
Prepaid pension allowances	120	-
Cash	48	64
Total Assets	614,925	515,008
LIABILITIES		
Accounts payable and accrued expenses	586	422
Payable for purchase of investments	5,870	-
Total Liabilities	6,456	422
NET ASSETS AVAILABLE FOR BENEFITS	$ 608,469	$ 514,586

Obligations for Pension Benefits (Note 7)

The 11 accompanying notes are an integral part of these financial statements.



John A. Mochrie
Chief Executive Officer
British Columbia Pension Corporation
Trustee



Sid Fattedad
Workers' Compensation Board of British Columbia
Trustee

Owen Carr
Workers' Compensation Board of British Columbia
Trustee

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

For the year ended March 31	Basic Account	Inflation Adjustment Account	Supplemental Benefit Account	Totals 2000	Totals 1999
INCREASE IN ASSETS					
Investment income (Note 4)	$ 77,052	$ 16,348	$ -	$ 93,400	$ 14,814
Contributions (Note 5)					
Members	3,693	1,464	-	5,157	4,760
Employer	4,657	1,741	34	6,432	4,183
	8,350	3,205	34	11,589	8,943
Transfers from other plans	20	7	-	27	-
Total Increase in Assets	85,422	19,560	34	105,016	23,757
DECREASE IN ASSETS					
Pension benefits paid					
Contributory	8,370	-	-	8,370	6,904
Indexing supplements	1,644	-	-	1,644	1,590
Supplemental pensions	-	-	29	29	9
	10,014	-	29	10,043	8,503
Termination benefits paid	585	153	-	738	1,854
Transfers to other plans	40	15	-	55	-
Administration costs (Note 9)	292	-	5	297	302
Total Decrease in Assets	10,931	168	34	11,133	10,659
INCREASE IN NET ASSETS BEFORE TRANSFERS	74,491	19,392	-	93,883	13,098
Account transfers (Note 6)	(3,748)	3,748	-	-	-
INCREASE IN NET ASSETS	70,743	23,140	-	93,883	13,098
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	429,408	85,178	-	514,586	501,488
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 500,151	$ 108,318	$ -	$ 608,469	$ 514,586

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN

The following brief description of the Workers' Compensation Board Superannuation Plan (the plan) is provided for general information only. For more information refer to the plan document.

a) General

The plan is a contributory defined benefit pension plan open to all eligible employees and board members of the Workers' Compensation Board (WCB).

b) Roles and Responsibilities

There are three trustees who are jointly responsible for the administration of the pension trust fund.

Up until December 31, 1999, the trustees placed funds for investment with the Office of the Chief Investment Officer of the Ministry of Finance and Corporate Relations (OCIO). On January 1, 2000, the *Public Service Pension Plans Act* created a new crown corporation, the British Columbia Investment Management Corporation to replace the OCIO and to continue carrying out the day-to-day investment management services for the pension fund.

Up until March 31, 2000, pension benefits are administered on behalf of the plan by the Superannuation Commission of the Ministry of Finance and Corporate Relations. On April 1, 2000, the *Public Service Pension Plans Act* created the British Columbia Pension Corporation to replace the commission and to continue carrying out benefit administration services. Up until March 31, 2000, the Superannuation Commissioner was one of the three trustees. On April 1, 2000, the Pension Corporation assumed the role of trustee from the commissioner.

c) Pension Benefits

All members with two years of contributory service are eligible for a pension benefit.

Members are eligible for unreduced pension benefits:

- at age 65;
- at age 60, with at least 2 years contributory service; or
- at age 55 or older, with a total of age plus years of service equalling 90 or more.

Other retiring members have a reduction formula applied to their pensions.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (continued)

c) Pension Benefits (continued)

The plan benefit is integrated with the Canada Pension Plan (CPP). As a result, the plan provides an unreduced benefit of 1.3% of pensionable earnings, up to the CPP Year's Maximum Pensionable Earnings (YMPE) and 2% of pensionable earnings over the YMPE, for each year of pensionable service (to a maximum of 35 years). Pensionable earnings is based on the member's highest five-year average salary (HAS). The plan also provides a bridging benefit with CPP which is payable to age 65 (or the date of death, if earlier). The bridging benefit is .7% of the lesser of YMPE or the HAS, for each year of the member's pensionable service since January 1, 1966 (when CPP was introduced).

Increases to pension payments are provided each January 1 in accordance with the indexing provisions of the plan. These increases are based on the annual increase in the Consumer Price Index (CPI) as at the previous September 30, and are subject to availability of funds in the Inflation Adjustment Account (Note 6).

At January 1, 2000 retired members received a full CPI increase of 2.6% (1999 - .7%).

d) Termination and Portability Benefits

A terminating member who is eligible for a pension benefit may choose:

- a deferred pension; or
- a transfer of the commuted value of the pension benefit to a locked-in RRSP, other registered pension plan or similar eligible tax-sheltered plan.

Upon termination, a member who is not eligible for a pension benefit (non-vested), is eligible to receive a refund of his or her own contributions, with interest. A non-vested member may also choose to leave monies on deposit in anticipation of possible future re-entry to the plan. Where there are portability arrangements between the WCB Superannuation Plan and other plans, members may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the WCB plan.

e) Other Benefits

Disability and survivor benefits are available under the plan. Under certain circumstances, members may also reinstate or purchase additional service to increase their future pension benefits.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (continued)

f) Income Taxes

The plan is a Registered Pension Plan (RPP) as defined in the *Income Tax Act (Canada)* and is not subject to income taxes, except for supplemental benefits (Note 10), which are provided in addition to the RPP.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements present the aggregate financial position of the plan as a separate financial reporting entity, independent of the plan's contributing employer and members.

b) Investments

Investments are stated at market value. Market value is derived from external quotations or appraisals. Investment purchases and sales are recorded on trade date.

c) Investment Income

Investment income is recorded on the accrual basis.

3. INVESTMENTS (Market Value)

	2000			1999
	Basic Account	Inflation Adjustment Account	Total	Total
			($ Thousands)	
Short-term	$ 22,851	$ 5,646	$ 28,497	$ 9,993
Canadian Bonds	151,693	30,527	182,220	181,712
Canadian Equities	166,367	33,148	199,515	162,332
U.S. Equities	54,020	10,363	64,383	56,319
International Equities	46,442	9,209	55,651	43,580
Mortgages	16,922	3,331	20,253	15,634
Real Estate	38,729	7,855	46,584	37,053
Private Placements	8,885	-	8,885	6,937
	$505,909	$100,079	$605,988	$513,560

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

3. INVESTMENTS (continued)

Pension plan investments consist primarily of direct ownership in units of pooled investment portfolios, managed by the British Columbia Investment Management Corporation. Each unit gives its holder a proportionate share in the net assets of the pooled fund. One or more pooled investment portfolios exist for different types of investments, such as short-term investments, Canadian bonds and Canadian equities.

Short-term investments consist of Canadian money market securities, such as treasury bills, with terms of 15 months or less. Canadian bonds consist of government and corporate bonds and debentures. Equities consist primarily of publicly traded shares, and in the case of international equities refer to investments in Europe, Australia and the Far East. Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. Real estate investments consist mainly of Canadian diversified income-producing properties. Private placements refer to Canadian and international long-term debt or equity investments made outside the structure of public markets.

4. INVESTMENT INCOME

	2000			1999
	Income Allocation	Current Period Change In Market Value	Total	Total
			($ Thousands)	
Basic Account				
Short-term	$ 555	$ (7)	$ 548	$ 465
Canadian Bonds	8,765	(6,730)	2,035	10,342
Canadian Equities	2,535	51,279	53,814	(15,432)
U.S. Equities	733	7,250	7,983	10,000
International Equities	687	8,796	9,483	3,869
Mortgages	1,019	(117)	902	760
Real Estate	1,465	1,553	3,018	3,092
Private Placement	23	(194)	(171)	(77)
	$15,782	$61,830	$77,612	$ 13,019
Investment Management Costs			(560)	(555)
Net Investment Income			$77,052	$ 12,464

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

4. INVESTMENT INCOME (continued)

	2000			1999
	Income Allocation	Current Period Change in Market Value	Total	Total
			($ Thousands)	
Inflation Adjustment Account				
Short-term	$ 157	$ (1)	$ 156	$ 131
Canadian Bonds	1,790	(668)	1,122	1,555
Canadian Equities	494	10,277	10,771	(2,467)
U.S. Equities	143	1,368	1,511	1,812
International Equities	128	2,001	2,129	684
Mortgages	193	(18)	175	121
Real Estate	285	300	585	608
	$3,190	$13,259	$16,449	$ 2,444
Investment Management Costs			(101)	(94)
Net Investment Income			$16,348	$ 2,350
Total Basic and Inflation Adjustment Accounts				
Total Investment Income			$94,061	$15,463
Total Investment Management Costs			(661)	(649)
Total Net Investment Income			$93,400	$14,814

The income allocation portion of investment income represents pooled investment portfolio income attributable to the pension fund, as a unitholder, and as calculated by the British Columbia Investment Management Corporation, as well as interest income from directly held investments. All income earned within a pooled investment portfolio is reinvested within the portfolio.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

5. CONTRIBUTIONS

	2000				1999
	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Total	Total
				($ Thousands)	
Members' contributions					
Regular	$3,675	$1,464	$ -	$ 5,139	$4,114
Arrears	3	-	-	3	37
Purchase of non-contributory service	-	-	-	-	15
Leave of absence	-	-	-	-	22
Refund reinstatement	15	-	-	15	572
	3,693	1,464	-	5,157	4,760
Employer's contributions					
Regular	3,642	1,463	-	5,105	3,584
Early retirement incentive program	1,015	278	-	1,293	503
Arrears	-	-	-	-	39
Purchase of non-contributory service	-	-	-	-	15
Leave of absence	-	-	-	-	31
Supplemental benefits	-	-	34	34	11
	4,657	1,741	34	6,432	$4,183
Total Contributions	$8,350	$3,205	$ 34	$11,589	$8,943

Employer contributions for 1999 and 2000 include contributions by the WCB for an Early Retirement Incentive Program (ERIP). This program was available to eligible employees from November 1, 1998 to January 1, 2000. The cost of the ERIP was borne entirely by the employer.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

6. ACCOUNT TRANSFERS

	2000		1999	
	Basic Account	Inflation Adjustment Account	Basic Account	Inflation Adjustment Account
	($ Thousands)			
Present value of current indexing supplements	$ 2,110	$(2,110)	$ 489	$ (489)
Indexing of deferred pensions	26	(26)	12	(12)
Excess interest	(5,884)	5,884	(3,621)	3,621
Other	-	-	(1,000)	1,000
	$(3,748)	$ 3,748	$(4,120)	$4,120

A separate account is maintained for funding current and future indexing supplements. This Inflation Adjustment Account is funded through a portion of ongoing contributions from the employer and members (Note 8), from investment income earned on its own assets, and from excess interest earned in the Basic Account.

All pension payments are made from the Basic Account. Each year, when retired members' pension payments are adjusted for current indexing, monies are transferred from the Inflation Adjustment Account to the Basic Account to cover the present value of all future payments arising from the current indexing supplements.

When a deferred pension begins to be paid, the present value of the cost of living changes during the deferral period is transferred from the Inflation Adjustment Account to the Basic Account.

Excess interest is based only on investment income earned on those Basic Account assets required for pensions currently being paid (approximately $89.8 million of assets for 2000, $74.6 million for 1999). The excess interest rate of return is determined by taking the difference between the actual market rate of return and the rate of return used by the actuary (7.15%) in valuing the plan's liabilities. The actual rate of return is based on a five-year average. The calculated excess interest rate of return for 2000 was 6.55%. Should the excess interest rate calculation ever result in a negative return, the negative return will be carried forward and offset against future excess returns.

In the prior year, other transfers included a $1 million transfer from the Basic Account to the Inflation Adjustment Account, as a result of actuarial surplus in the Basic Account.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

7. OBLIGATIONS FOR PENSION BENEFITS

An actuarial valuation is performed at least every three years. The objective of the valuation is to assess the financial position and adequacy of funding for the Basic Account of the pension fund. This is the account from which the defined guaranteed basic benefits of the plan are paid and from which any indexing that has been able to be granted to retired members, is also paid. Indexing benefits are not guaranteed within the plan provisions and are granted to retired members only to the extent that sufficient money is available from the Inflation Adjustment Account to fund those benefits. As indexing is granted, the Basic Account receives from the Inflation Adjustment Account the necessary net present value funding for the granted indexing. Therefore, accrued basic pension benefits, for valuation purposes, include the liability for all indexing granted to the date of the valuation, but not, as yet unknown, future indexing.

The latest actuarial valuation of the Basic Account was made as at March 31,1997 by Eckler Partners Ltd. At that valuation net assets were $305.1 million (1994 - $209.8 million) and liabilities for accrued benefits were $252.3 million (1994 – $200.6 million), resulting in a net surplus of $52.8 million (1994 - $9.2 million). The next formal valuation will be as at March 31, 2000 and results are expected to be available in late 2000.

The present value of liabilities for accrued benefits was determined using the projected benefit method prorated on service. The underlying basis for the net asset valuation is a five-year investment market smoothing. Actuarial liabilities and net assets reflect the following long-term actuarial assumptions:

- Annual investment return 7.15%
- Annual salary escalation rate 5.15%

It is required that extrapolations between valuations be calculated and one has been done to March 31, 2000 using the 1997 long-term assumptions. However, extrapolations are not reliable indicators of the next valuation results nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increases, investment earnings and the incidence of retirements, withdrawals, etc. may vary significantly from the 1997 long-term assumptions used in the extrapolation. On that basis, the extrapolated surplus to March 31, 2000 is $45 million.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

8. FUNDING POLICY - CONTRIBUTIONS

During 1997, WCB's contribution rate for the Basic Account was 6.2% of salary up to the Canada Pension Plan Year's Maximum Pensionable Earnings (YMPE), and 7.7% of salary above that. Members contributed 4.5% of salary up to the YMPE, and 6.0% of salary above that. Members and the WCB also each contribute 1% of salary to the Inflation Adjustment Account (Note 6).

Based on the 1997 actuarial valuation, WCB's current service cost to provide basic pension benefits is 8.03% for salary above the YMPE. However, as a result of the actuarial surplus, effective July 1, 1998, there was a temporary suspension of Basic Account contributions (contribution holiday) for members and WCB. On January 1, 1999, member contributions resumed at 50% of 1997 rates and will continue at that 50% level until December 31, 2000. WCB contributions are to match member contributions until December 31, 2000.

9. RELATED PARTY TRANSACTIONS

a) Administration Costs

Administration costs include general administration costs and actuarial fees. General administration costs incurred by the corporation are prorated and charged to each pension plan under its administration based primarily on the relative numbers of members in each plan. General administration costs include all salaries, WCB Pension Board expenses, and other operating and administration costs.

Total expenses of $296,791 for the year ended March 31, 2000 were paid by the plan (1999 - $301,901).

b) Investment Management Costs

Investment management and custodial services are provided by the British Columbia Investment Management Corporation (bcIMC), which uses internal and external investment managers for this purpose. Total investment management fees for the current year were $660,880. Of this amount $65,907 was charged for bcIMC's internal investment management services (1999 – total fees $648,652; internal management services $63,626).

c) Other

Separate from the pension plan, the WCB pays directly for the medical plan and extended health care premiums for retired members and their dependents. For the year ended March 31, 2000 this amounted to $501,103 (1999 - $409,680).

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2000

10. SUPPLEMENTAL BENEFITS ACCOUNT

The Supplemental Benefits Account provides for the payment and funding of supplemental benefits, such as contributions and pension benefits which exceed *Income Tax Act (Canada)* limits. Contributions and pension benefits which exceed *Income Tax Act (Canada)* limits are not significant to date.

11. COMPARATIVE INFORMATION

Certain prior year's amounts have been reclassified to be consistent with the current year's presentation.